

Exhibit No. 6

Date 3-6-09

Bill No. SB 100

March 6, 2009

SB100 Testimony-Monty L. Sealey

Senate Finance & Claims Committee

Signal Peak Coal Mine is in Musselshell County, 16 miles south of Roundup.

Signal Peak Mine Project was announced in June, 2008. Actual work was underway in June/July.

Only major, new Montana coal production facility in more than two decades. But not the only coal production area with impacts.

Impacts from construction workers and miners was immediate and growing:

Motels full; rentals full; trailer spots full; 37 new elem. students; pick up in bars/cafes;

Increased highway and mine area rural roads traffic; increased realtor and local govt.

inquiries; increase law enforcement calls;

No new tax dollars to county until 1 ½ to 2 years after increased/full production at mine.

Mine may reach "full production" by Christmas.

No new direct coal tax dollars to City of Roundup (County Seat) or Schools ever!

City of Roundup and the County need their limited bonded indebtedness to accomplish some of the CIP priorities that are necessary, though not directly related to coal impacts.

Remember, Musselshell County is a relatively poor area. 1 Mill on the tax rolls only results in a little over \$6,812 county; for the City, 1 Mill raises only \$1,500. (FY06) Judith Basin = \$10,155; Wheatland = \$ 9,483; Blaine = \$11,889; Cascade = \$112,985

Mining project taking up or shifting labor from local region; impacts local govt. and local business hiring. Have to import workers for mine or fill mine related vacancies.

Mine may hire another 75-100 full time employees before winter 2009. (Potentially 2-300 new citizens) Pretty substantial to a population of 1825. 80% of the first 100= hires are from the area.

Many identified needs (immediate) from CIP's, Housing Plan, CEDS and Area Plans; some of which even more pressing because of the mining project.

LIST>>>>>

Additional Coal Board funds needed during the early (non-tax) years for impacts-not long term.

If Appropriation stays as the past biennium: There would be \$2,600,000 for impacts-Already \$2,764,333 requested- Identified another \$700,000+ to be added requests for consideration at the June meeting of the Coal Bd.

SIGNAL PEAK WILL CREATE MORE REVENUE THAN WE ARE REQUESTING.

(A) 10,000,000 tons of annual production @ \$10.00/ton=\$100,000,000 x 4% (severance tax)= \$4,000,000 annual additional severance tax. (Conservative Est.) or (B) 10,000,000 tons @ \$14.56/tons = \$146,000,000 x 4%=\$5,840,000 additional Severance Tax revenue per year.(Dept.of Rev. price for estimating Gross Proceeds)

This request is for approx. \$1,330,000 additional revenue, annually, to Coal Board vs (A) \$2,000,000 to Permanent Trust; additional annual \$955,000 to General Fund; \$1,044,000 to

other programs. Net gain to the State is (\$2,670,000) (Net cost to the General Fund is \$375,000 (this in unrealized gains) or

(B) \$2,920,000,00 to Permanent Trust Fund; \$1,395,000 additional annual to General Fund; \$1,525,000 to the other programs in Statute. (Net gain to General Fund of \$65,000)

Over 4 years the State gains (A) \$10,680,000 Net vs \$5,320,000 gain to the Coal Board for impacts; or (B) \$18,040,000 Net vs \$5,320,000 to the Coal Board. Depends on coal price!

Not sure how the Fiscal Note was figured; even with no increase in 2010-11; must be increasing in future years. Does that number include decline in oil revenues??

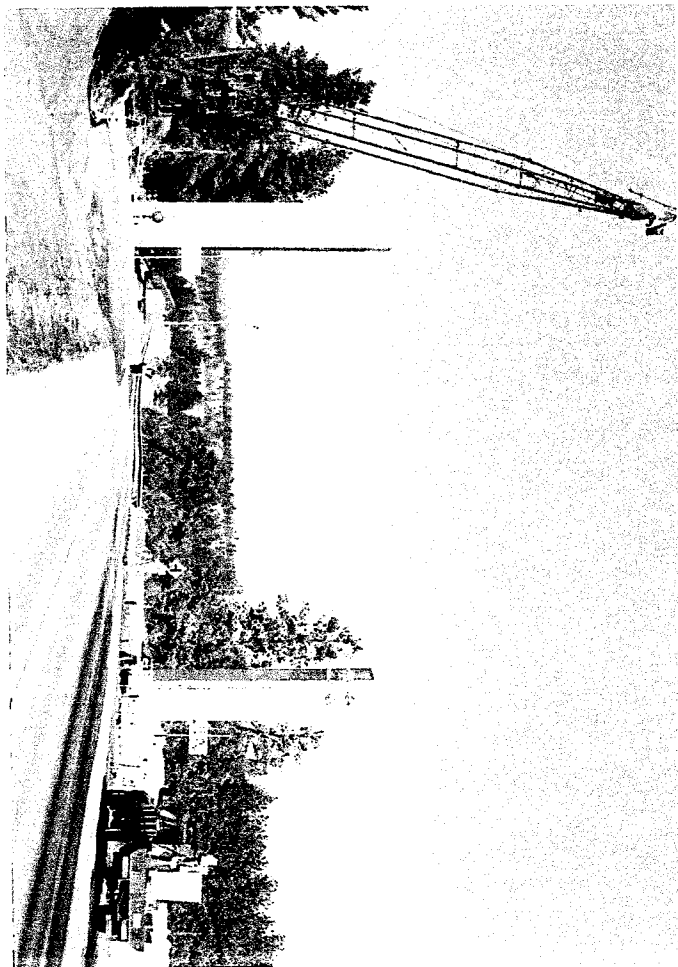
Because of the impacts from this great new coal development; and the lag in time before tax revenues can begin to catch up to impacts; because this project will create far more revenue to the State than is being requested; We ask for your support of SB100, as it is currently proposed.

After we get through the next 3-4 years, probably the appropriation can again be reduced. Hopefully not!!

Railroad Overpass-Highway 3 Broadview



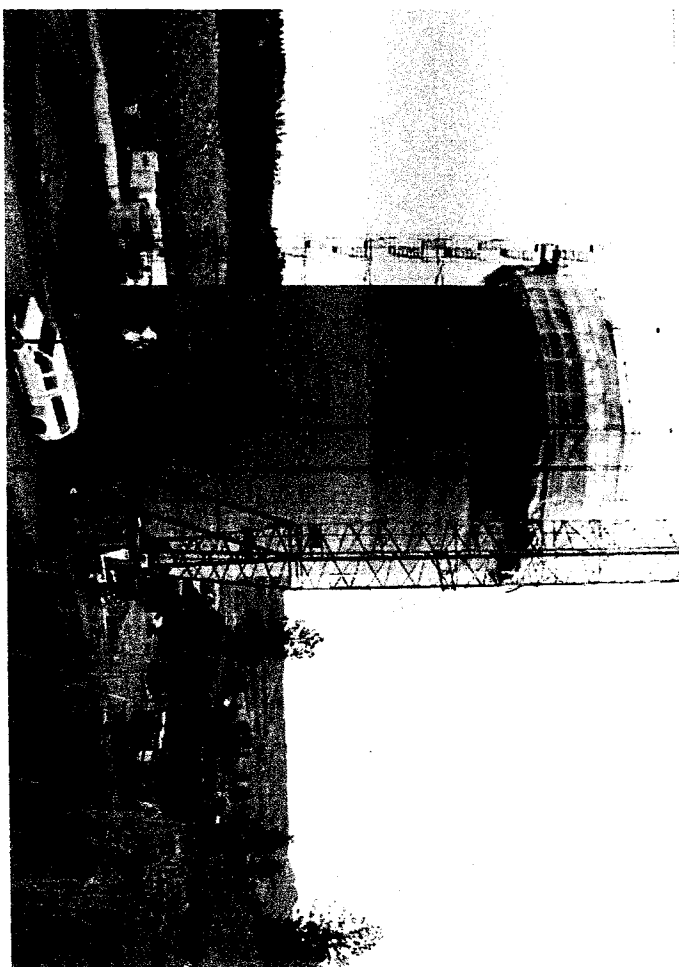
Highway 87 Railroad Overpass



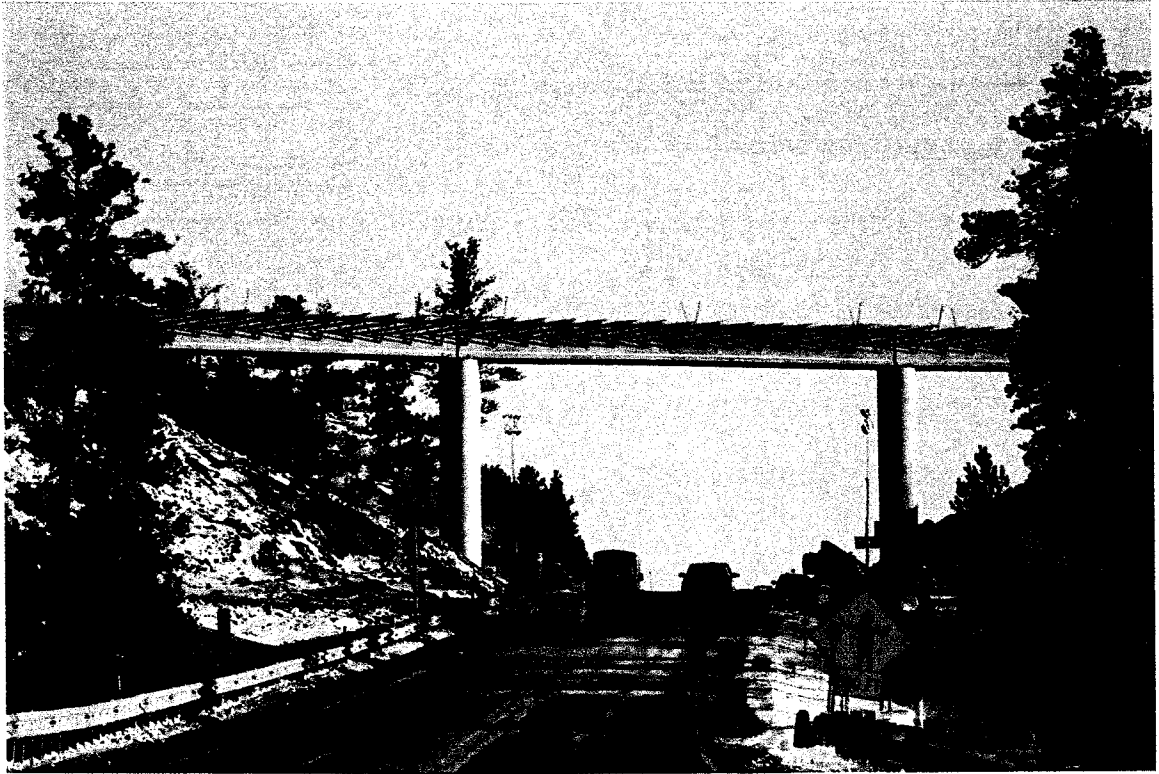
Railroad Bed Construction



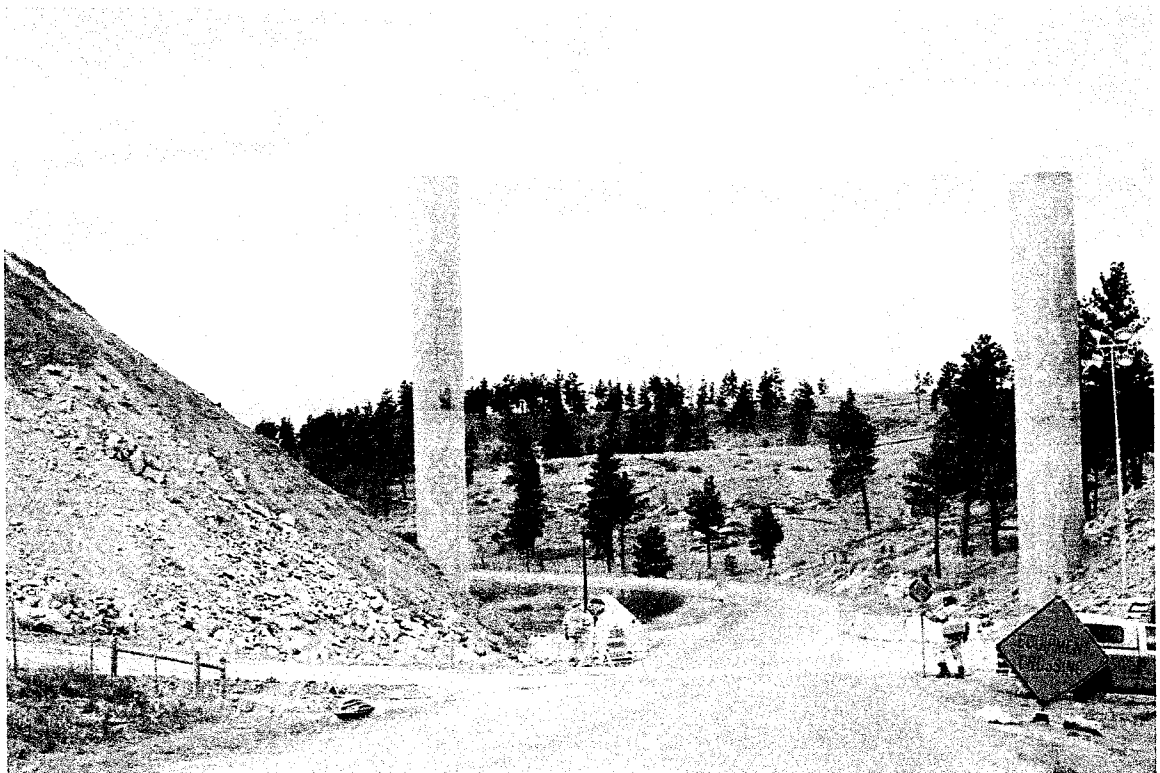
Unit Train Coal Loadout Silo



SIGNAL PEAK COAL PROJECT
musselshell county



Railroad Overpass-Highway 87S



Railroad Overpass-Old Divide RD